



July 29, 2022

Salvation Army

Subject: Citywide Fiscal and Compliance Monitoring of Current Contracts/Grants for Salvation Army
for FY21-22

List of Contracts Reviewed:

Department / Program	Contract Name / Description
Department of Public Health	SA-Adult: Residential Detox
Department of Public Health	SA-Adult: Residential
Department of Homelessness and Supportive Housing	Railton Place
Department of Homelessness and Supportive Housing	THP Plus
Department of Public Health	SA-Adult: STARR (Supporting Treatment and Reducing Recidivism)
Department of Public Health	SA-Adult: PRSPR (Promoting Recovery & Services for the Prevention of Recidivism)
Department of Homelessness and Supportive Housing	Harbor House
Department of Homelessness and Supportive Housing	Safe Sleeping Meals

Dear Major Darren Norton:

The fiscal monitoring included the review of the following documents:

1. Agency-wide budget and cost allocation plan
2. Board minutes
3. Recent 990 form
4. Recent DE 9, DE 9C, and 941 reports
5. Most recent audited financial statements
6. Fiscal policies and procedures
7. Financial reports, balance sheets, and profit loss statements
8. Supporting documentation for invoices for two current year billing months

The compliance monitoring included the review of the following documents:



1. Board roster, bylaws, meeting minutes
2. Personnel policies
3. Emergency operations plan
4. American with Disability Act policy and procedures
5. Subcontract Agreements

General Assessment

Please find below a summary table of the findings the monitoring team identified during the fiscal and compliance monitoring on July 15, 2022:

Fiscal and Compliance Monitoring Findings

Category	Standard	Description	Recommended Actions	Response Needed?
1. Invoices	a. [Expanded] Expenses tested on invoices have supporting documentation: credit card charges and/or petty cash expenditures are all documented with an original receipt and reasonably tie to the cost allocation plan.	Supporting documentation for Harbor House Family Shelter Operating expenditures was not an exact match to invoicing amount: previous staff had been invoicing for 1/12th of Operating expenditures instead of using actual costs. Current staff self-reported this finding and stated that they were currently working on truing up these costs for FY21-22, as well as ensuring that this does not continue to happen going forward.	To come into conformance by Final Status, the contractor must provide valid supporting documentation for all invoices reviewed during the monitoring. If the contractor cannot submit the required documents in the 30-day response timeline, the contractor must submit a plan (with a timeline, if necessary) for addressing deficiencies in its policies or procedures related to documentation of invoiced expenditures, including training of staff to ensure procedures as written are followed in practice, and the contractor will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.	

Category	Standard	Description	Recommended Actions	Response Needed?
10. Public Access	b. [Optional] At least two meetings with quorum status are open to the public each year	Contractor stated that (local) Advisory Board meetings are open to the general public, but due to failure to announce them to the general public via BoS and Library, no members of the public were aware and therefore they would not have been able attend the meetings. Contractor stated that this has been noted and will be rectified moving forward.	Contractor must submit a response attesting that two meetings with a quorum are open to the public annually. If this standard was not met in the monitored year, Contractor must submit a reasonable explanation, as well as a plan to ensure the Contractor will be in compliance with this standard in the future. Contractor will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.	
10. Public Access	c. [Optional] These two meetings are announced to the general public at least 30 days in advance through the SF Public Library and the Clerk of the Board of Supervisors	Contractor self-reported that there was an oversight in announcing (local) Advisory Board meetings to the general public over the last year, and stated that it will be done moving forward.	Contractor must submit a response attesting that two public meetings with a quorum were announced 30 days in advance via the required sources. If this standard was not met in the monitored year, Contractor must submit a reasonable explanation, as well as a plan to ensure the Contractor will be in compliance with this standard in the future. Contractor will remain "not yet in conformance" until subsequent monitoring shows the standard has been met.	

Per City policy, it is required that nonprofit contractors respond to monitoring findings. For all of the above findings, please respond to this letter by August 12, 2022. In your response letter please indicate whether any of the required corrective actions have already been completed. For any findings requiring

additional time to address, please include your action plan and timeframe to complete the corrective actions. When the City determines that your organization has appropriately addressed the monitoring findings, you will receive a verification of compliance letter.

If the City does not receive your response letter or is not satisfied with the response, your organization is at risk of being placed on elevated concern status. Elevated concern is a designation by the City indicating a nonprofit has not responded to the City's request for self-assessment monitoring documents, has not responded to the City's request for corrective action, has not provided a corrective action plan that is acceptable to the City, or has not complied with the implementation of its corrective action plan.

Nonprofits remain on elevated concern status until they provide a satisfactory corrective action plan and have implemented it to the satisfaction of City department(s). Nonprofits on elevated concern status are usually required to participate in City-monitored technical assistance to address outstanding fiscal and compliance findings. Elevated Concern will not result in defunding, though if the nonprofit is continually unresponsive to technical assistance and remains out of compliance with monitoring requirements, the status may be heightened to Red Flag, for which de-funding is an option.

For more information on elevated concern status, as well as the standard monitoring and corrective action process, please review the included City and County of San Francisco Citywide Nonprofit Corrective Action Policy.

If you have any questions, please do not hesitate to contact me at [628-652-7765](tel:628-652-7765).

Please extend our sincere appreciation to all your staff for their preparation in advance of the monitoring, assistance during the monitoring and the efforts to address the findings in the coming weeks. We thank you for your work in serving the San Francisco community.

Sincerely,

Gabriel Canale

Lead Monitor

City and County cc:

Wasim Samara

Monitoring Team Member

Nonprofit cc:

National Commander: Kenneth Hodder

Territorial Commander: Commissioner Douglas Riley

Territorial Secretary for Business Administration: Treasurer Colonel Kelly Pontsler

Executive Director/CEO Major Darren Norton

CFO: Major Jeannie Stromberg

Board President: Commissioner Kenneth Hodder

Local Advisory Board President: Craig Mesenbrink

Other: Greg Gutting

Diana Todhunter

Arwyn Rodriguera

Craig Rodriguera

Henry Hanley

Tammy Larson

Richard Larson

Shelton Yee

Matthew Madsen